

## Governance Structure for the New Foundation

1. Purposes. Purposes would be the same as the existing Health Midwest purposes
2. Number of Directors. Number of members of the Board of Directors would initially be 25. Sixteen members of the existing HM board would serve, and 9 new members would be selected by the Community Advisory Committee discussed below.
3. Qualification of Directors/Diversity. The nominating committees and Board shall promote diversity on the Board so that the Board generally reflects the diverse makeup of the community served by the activities of the Foundation. The Board would hire professional staff in a manner designed to promote diversity so that the staff generally reflects the diverse makeup of the community served by the activities of the Foundation. Through the Regional Director concept discussed below, and in other ways deemed appropriate by the Board of Directors, the Board shall also promote geographic diversity within the community served by the Health Midwest system.

Qualifications of Board members would be as follows:

1. The Board member would demonstrate expertise, education or experience, for example, as follows: provision or financing of health care services; asset management; investment analysis and strategy; accounting or law; business management; administration of philanthropic organizations; community development; or other demonstrated expertise determined by the Board to be valuable to accomplishing the mission of the Foundation.
2. The Board member would have a reputation for integrity;
3. The Board member would demonstrate leadership qualities;
4. The Board member would demonstrate an ability to understand the general health care needs of the community and to balance various requirements of various constituencies served by, or desiring to be served by the Foundation;
5. The Board member would demonstrate a personal interest in and concern for the public health and welfare and a commitment to accomplishing the Foundation's overall mission, purposes and goals; The Board member would demonstrate the ability to devote the time necessary to fulfill Board responsibilities and regularly attend Board meetings; and
6. The Board member would be a resident of the ten county metropolitan area around Kansas City, or a resident of a county in which a Health Midwest hospital operated prior to the closing of the transaction.

4. Concept of Regional Directors. Because of the regional organization of our system, and the unique issues that arise in different regions, one suggestion is that there be "Regional Directors" who would have residency in the particular region that they would represent. If the Board were expanded to 25 members as suggested above, one alternative would be to have 3 Regional Directors from each of the HM Regions. We would recommend that the JOCO Region be modified to include Johnson, Allen, Wyandotte and Leavenworth Counties in Kansas, given the needs in those communities and the traditional support for those communities as part of the Health Midwest System. The Regional Directors would be required to be residents of the region they represent. The Regional Directors would be nominated by the Community Advisory Committee described below and would be elected by the full Board.

5. At-large Directors. Those directors who are not Regional Directors would serve at-large. They would be nominated by the then existing at-large directors (perhaps with multiple nominations for each position) and would be elected by the full Board.

6. Terms of Directors. Directors would serve for 3 years and would be eligible to serve no more than 3 consecutive terms. Terms would be staggered so that no more than approximately one third of the Board would "turn over" in any one year. As a result, the directors at the outset of the activities of the Foundation would be eligible, respectively, to serve 1, 2 or 3 three-year terms, and at 8 of the directors, including 5 of the current Health Midwest directors and three of the Regional Directors, would be ineligible to serve after each three year term of the new foundation, and would be replaced through nominations and election by the full Board of Directors.

7. Community Advisory Committee. The Community Advisory Committee would be comprised of 13 people who would be charged with nominating the Regional Directors by presenting to the Board of Directors not less than 3, nor more than 5, names for each open Regional Director position. The Community Advisory Committee members shall meet the residency requirements set forth above for members of the Board of the Foundation. The Community Advisory Committee would also report to the Board annually on the work of the Foundation, and this report would be included in the Foundation's annual report to the Community. Members of the Community Advisory Committee would be chosen by elected officials from the area served by the Foundation.

8. Grants Committees and Grant Making. There would be grants committees, as follows:

- a. Regional grants committees comprised of the Regional Directors plus two Directors who are at large. These committees would have responsibility for recommending to the Board of Directors grants in the particular region being represented.
- b. A grants committee of the entire Board, which would make grants that, deal with community wide issues, in addition to making grants that impact

a particular region.

- c. The Board would make grants regionally and in so doing would attempt over time to meet certain guidelines or targets for each region and for the overall community.
- d. The Community Advisory Committee would be charged (every five years, for example) with recommending to the Board of the Foundation the extent to which the targets or allocations should be changed to reflect the changing of the communities served by the Foundation and needs in the communities being served.

9. Executive Committee. There would be an executive or administrative committee of the Board that would deal with the operation of the Foundation, but would not have responsibility for grants.

10. Officers. The Officers shall be elected annually by the Board of Directors. The term of office of each of the officers would be one year, and no officer may serve more than two consecutive terms.

11. Conflicts of Interest. The Bylaws of the Foundation should include strict conflict of interest policies to ensure that the members of the Board of Directors have undivided loyalty to the Foundation in all operating and grant making matters.